



General Assembly

February Session, 2008

Raised Bill No. 5594

LCO No. 1836

01836_____ED_

Referred to Committee on Education

Introduced by:
(ED)

***AN ACT CONCERNING A CORPORATE TAX CREDIT AND AN
INCOME TAX CREDIT FOR DONATIONS TO EDUCATION
FOUNDATIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (*Effective from passage and applicable to income years*
2 *commencing on or after January 1, 2008*) (a) The Commissioner of
3 Revenue Services shall grant a credit against any tax due under the
4 provisions of chapter 207, 208, 209, 210, 211 or 212 of the general
5 statutes for the donation to an education foundation of (1) money, or
6 (2) personal property or services, the value of which is the net cost of
7 the donation to the donor or the pro rata hourly wage, including
8 benefits, of the individual services, provided no credit shall be
9 approved for activities that are part of the applicant business' normal
10 course of business.

11 (b) Any business firm may apply to the Commissioner of Revenue
12 Services for a tax credit under this section. The commissioner, in
13 consultation with the Commissioner of Education, shall develop an
14 application form for such credit that contains, but is not limited to, the
15 following information: (1) The amount of any donation of money, (2)

16 to whom the donation will be made, (3) when the donation will be
17 made, (4) the fair market value of any donated property or service at
18 the time of donation, and (5) such additional information as the
19 commissioner may prescribe. A copy of a written agreement between
20 the business firm and the education foundation shall be submitted
21 with the application.

22 (c) Such applications may be submitted to the Commissioner of
23 Revenue Services on an ongoing basis. The commissioner shall review
24 each application and shall, not later than thirty days following its
25 receipt, approve or disapprove the application. The decision of the
26 commissioner to approve or disapprove an application pursuant to the
27 provisions of this section shall be in writing and, if the commissioner
28 approves the proposal, the commissioner shall state the maximum
29 credit allowable to the business firm.

30 (d) (1) The amount of the credit granted to any business firm under
31 the provisions of this section shall not exceed twenty-five per cent of a
32 maximum amount of donations of two hundred thousand dollars
33 annually. If any such business firm agrees to provide the same
34 donation for two consecutive years, the amount of the credit may be
35 increased to ninety per cent of a maximum amount of donations of two
36 hundred thousand dollars for each of the two years. The total amount
37 of all tax credits allowed to all business firms pursuant to the
38 provisions of this section shall not exceed three million dollars in any
39 one fiscal year.

40 (2) The credit may only be used to reduce the taxpayer's tax liability
41 for the year in which the donation is made and shall not be used to
42 reduce such liability to less than zero.

43 (e) For purposes of this section, "education foundation" means an
44 organization, fund or any other legal entity which is (1) exempt from
45 taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of
46 1986, or any subsequent corresponding internal revenue code of the
47 United States, as from time to time amended and (2) established for the

48 principal purpose of receiving or using private funds for educational
49 or related purposes that support or improve a local or regional board
50 of education or provide tuition assistance for children from low
51 income families, as described in subdivision (3) of section 47-300 of the
52 general statutes, to attend nonpublic schools. Such an organization,
53 fund or other legal entity shall not be deemed to be a state agency or a
54 public agency, as defined in section 1-200 of the general statutes.

55 Sec. 2. (NEW) (*Effective from passage and applicable to taxable years*
56 *commencing on or after January 1, 2008*) (a) Any person, other than a
57 trust or estate, subject to the tax under chapter 229 of the general
58 statutes, for any taxable year may be entitled to a credit for donations
59 of money made by such person to an education foundation.

60 (b) Any such person may apply to the Commissioner of Revenue
61 Services for a tax credit under this section. The commissioner, in
62 consultation with the Commissioner of Education, shall develop an
63 application form for such credit that contains, but is not limited to, the
64 following information: (1) The amount of any donation of money, (2)
65 to whom the donation will be made, (3) when the donation will be
66 made, and (4) such additional information as the commissioner may
67 prescribe. A copy of a written agreement between the person and the
68 education foundation shall be submitted with the application.

69 (c) Such applications may be submitted to the Commissioner of
70 Revenue Services on an ongoing basis. The commissioner shall review
71 each application and shall, not later than thirty days following its
72 receipt, approve or disapprove the application. The decision of the
73 commissioner to approve or disapprove an application pursuant to the
74 provisions of this section shall be in writing and, if the commissioner
75 approves the proposal, the commissioner shall state the maximum
76 credit allowable to the person.

77 (d) (1) The amount of the credit granted to any person under the
78 provisions of this section shall not exceed thirty-three per cent of the
79 amount of a donation of money to an education foundation up to (A)

80 twenty-five thousand dollars for individuals, or (B) fifty thousand
81 dollars for tax returns filed jointly. The total amount of all tax credits
82 allowed to all persons pursuant to the provisions of this section shall
83 not exceed three million dollars in any one fiscal year.

84 (2) The credit may only be used to reduce the taxpayer's tax liability
85 for the year in which the donation is made and shall not be used to
86 reduce such liability to less than zero.

87 (e) For purposes of this section, "education foundation" has the same
88 meaning as provided in section 1 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to income years commencing on or after January 1, 2008</i>	New section
Sec. 2	<i>from passage and applicable to taxable years commencing on or after January 1, 2008</i>	New section

Statement of Purpose:

To encourage donations to education foundations by establishing credits against the personal and corporate income tax for such donations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]